

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0400P

**Sales and Use Tax
Calendar Years 1995 and 1996**

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ISSUE(S)

I. Tax Administration – Collection Costs

Authority: IC 6-8.1-5-1; IC 6-8.1-8-1.5; IC 6-8.1-8-3

Taxpayer protests the collection costs.

STATEMENT OF FACTS

Taxpayer protests the collection costs assessed on an audit completed on December 29, 1997.

Taxpayer was audited for calendar years 1995 and 1996 for sales and use taxes. The audit was completed on December 29, 1997. The AR-80 was issued on January 6, 1998, the AR-40 on March 30, 1998, the War –C on April 30, 1998 and the War-S on May 13, 1998. On July 3, 1998 the taxpayer requested the department review the collection fees assessed.

1. Tax Administration – Collection Costs

DISCUSSION

Taxpayer takes exception to the imposition of collection costs for the following reasons:

- 1) During the course of the audit, a claim for refund for Adjusted Gross Income was also reviewed.
- 2) Since all issues were discussed and handled within the context of the same audit, taxpayer assumed the refunds received from the state were net of any amounts the company owed.

- 3) It never occurred to the taxpayer that the refunds would be separate from any amounts due. The first refund was received on August 19, 1997 and the final refund on March 19, 1998. Consequently, taxpayer did not immediately pay the amounts due from the audit and was assessed an additional collection fee.

Taxpayer states it physically delivered a check to the Indiana Department of Revenue after being made aware that the liabilities were still open and requests the collection fees be abated.

The taxpayer was issued notices on January 6, 1998 and March 30, 1998 and on April 30, 1998 the liabilities reached the Clerk's Warrant and on May 13, 1998 the Sheriff's Warrant.

IC 6-8.1-5-1 (c) demands payment if the person failed to properly respond within the sixty (60) day period. Because the taxpayer failed to respond or pay the liabilities, the department issued demand notices for the payment of tax, interest and penalties and on April 30, 1998 the liabilities reached the Clerk's Warrant and on May 13, 1998 the Sheriff's Warrant. On June 30, 1998 the taxpayer contacted Audit and was informed that he pay the liabilities. On July 6, 1998 the taxpayer notified the Legal Division and requested abatement of the collection costs.

Taxpayer did not protest the audit assessment.

FINDING

Taxpayer's protest is denied. Taxpayer failed to respond to notices.